

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re Destination Maternity Corporation et al.

Case No. 19-12256

Reporting Period: 1/5/2020-2/1/2020

## MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	x		
Schedule of Professional Fees Paid	MOR-1b	x		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Postpetition Taxes	MOR-4	x		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	x		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

David Helkey

Signature of Debtor

Date

David Helkey

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

David Helkey

Printed Name of Authorized Individual

COO/CFO

Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Destination Maternity Corporation et. al  
DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-1

Consolidated Statement of Cash Flows (unaudited, in \$ in 000s)

	<u>Fiscal January</u>	<u>Fiscal December</u>	<u>Fiscal November</u>	<u>Cumulative Since Filing</u>
<b>Cash Flows from Operating Activities</b>				
Net income	\$ (3,066)	\$ (29,323)	\$ (10,653)	\$ (43,041)
Adjustments to reconcile net income to net cash provided by: operating activities				
Depreciation and amortization	-	0	1,462	1,462
Stock-based compensation expense	-	8	65	73
Loss on impairment of long-lived assets	-	-	-	-
(Gain) loss on disposal of assets	(87)	18,303	3,703	21,918
Grow NJ tax benefit	2,671	(0)	(207)	2,464
Amortization of deferred financing costs	-	-	448	448
Changes in assets and liabilities:				
Decrease (increase) in--				
Trade receivables	6,523	(422)	(1,249)	4,852
Inventories	-	57,602	10,255	67,857
Prepaid expenses and other current assets	5,658	(3,626)	4,767	6,799
Other non-current assets	(8,972)	1,316	(1,316)	(8,972)
Increase (decrease) in--				
Accounts payable, accrued expenses and other liabilities	(485)	1,888	(2,201)	(798)
Deferred rent and other non-current liabilities	-	-	-	-
<b>Net cash used by operating activities</b>	<b>2,243</b>	<b>45,746</b>	<b>5,074</b>	<b>53,062</b>
<b>Cash Flows from Investing Activities</b>				
Capital expenditures	-	(415)	-	(415)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(415)</b>	<b>-</b>	<b>(415)</b>
<b>Cash Flows from Financing Activities</b>				
Decrease in cash overdrafts	(252)	-	(2,183)	(2,435)
Decrease in line of credit borrowings	-	(20,724)	1,325	(19,399)
Repayment of long-term debt	-	(21,973)	(510)	(22,483)
<b>Net cash provided by financing activities</b>	<b>(252)</b>	<b>(42,697)</b>	<b>(1,368)</b>	<b>(44,317)</b>
Effect of exchange rate changes on cash and cash equivalents				
<b>Net Increase in Cash and cash Equivalents</b>	<b>1,991</b>	<b>2,634</b>	<b>3,706</b>	<b>8,330</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>12,777</b>	<b>10,143</b>	<b>6,437</b>	<b>6,437</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 14,767</b>	<b>\$ 12,777</b>	<b>\$ 10,143</b>	<b>\$ 14,767</b>

Destination Maternity Corporation et. al  
 DEBTORS AND DEBTORS IN POSSESSION  
 Form: MOR-1

Total Disbursements by Filed Legal Entity (unaudited)

For the Period of January 5, 2020 to February 1, 2020			
Legal Entity <sup>1</sup>	Case Number	Disbursements	(-) Transfers to Debtor in Possession Accounts (+) Estate Disbursements made by Outside Sources
Destination Maternity Corporation	19-12256	18,315,307	
Mother's Work Canada, Inc. <sup>2</sup>	19-12258	744,486	
DM Urban Renewal, LLC	19-12257	268,455	
<u>UST Fees: Destination Maternity Corporation</u>			
1% of Disbursements		183,153	
Cap		250,000	
<b>Total: Destination Maternity Corporation (USD)</b>		<b>\$ 183,153</b>	
<u>UST Fees: Mother's Work Canada, Inc.</u>			
1% of Disbursements		7,445	
Cap		250,000	
<b>Total: Mother's Work Canada, Inc.</b>		<b>\$ 7,445</b>	
<u>UST Fees: DM Urban Renewal</u>			
1% of Disbursements		2,685	
Cap		250,000	
<b>Total: Mother's Work Canada, Inc.</b>		<b>\$ 2,685</b>	

<sup>1</sup> Destination Maternity Apparel, Private Limited (India) has no value to the Debtors, and had no disbursement activity over the reporting period.

<sup>2</sup> Total disbursements in CAD of \$968,122.67 converted to USD using spot rate as of 1/03/2020 of 0.769.

Destination Maternity Corporation et. al  
DEBTORS AND DEBTORS IN POSSESSION  
Form: MOR-1a  
Bank Reconciliations (unaudited)

G/L Acct	Account Name	Bank Acct #	Debtor	Description	Bank Balance (\$) <sup>1,2</sup>	Cash In Transit	Outstanding Checks	Ledger Balance (\$) <sup>3</sup>	As of Date	Reconciled ?
103000	Wells Fargo	2.00041E+12	Destination Maternity Corporation	Cash Collateral, Store Depository, Payroll, Escrow, etc.	\$ 12,562,309				2/1/2020	
108001	Bank of America	1417650388	Destination Maternity Corporation	Store Depository, Professional Fee/Utility deposit	\$ 1,272,277				2/1/2020	
108003	Cigna Dental	30875393	Destination Maternity Corporation	Dental Claims					2/1/2020	
108004	M&T Bank	9835122301	Destination Maternity Corporation	Store Depository	\$ 1,133				2/1/2020	
108006	Suntrust	1000087236567	Destination Maternity Corporation	Store Depository	\$ 1,299				2/1/2020	
108007	Wells Fargo	4801901612	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
108009	Fifth Third Bank	99943809	Destination Maternity Corporation	Store Depository	\$ 1,923				2/1/2020	
108010	First Tennessee Bank	1.70001E+12	Destination Maternity Corporation	Store Depository	\$ 1,394				2/1/2020	
108011	Key Bank	3.59681E+11	Destination Maternity Corporation	Store Depository	\$ 4,792				2/1/2020	
108014	Regions	5325744305	Destination Maternity Corporation	Store Depository	\$ 1,847				2/1/2020	
108016	US Bank	576763270	Destination Maternity Corporation	Store Depository	\$ 1,946				2/1/2020	
108017	JP Morgan	640846614	Destination Maternity Corporation	Store Depository	\$ 1,750				2/1/2020	
108024	Citizens	6219989752	Destination Maternity Corporation	Store Depository	\$ 1,692				2/1/2020	
108025	Capital One	234300507	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
108026	Compass	23170663	Destination Maternity Corporation	Store Depository	\$ 1,049				2/1/2020	
108027	First Citizens	7411224778	Destination Maternity Corporation	Store Depository	\$ 1,620				2/1/2020	
108030	PNC Bank	8611797369	Destination Maternity Corporation	Store Depository	\$ 1,018				2/1/2020	
108031	BB & T	153327130	Destination Maternity Corporation	Store Depository	\$ 2,925				2/1/2020	
100000-00-00	Main Source Bank	5028809	Destination Maternity Corporation	Store Depository	\$ 7,909				2/1/2020	
100000-00-00	Wrentham Cooperative Bank	16006975	Destination Maternity Corporation	Store Depository	\$ 4,857				2/1/2020	
100000-00-00	Premier Bank Minnesota	360102136	Destination Maternity Corporation	Store Depository	\$ 2,484				2/1/2020	
100000-00-00	Five Star Bank	272020591	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
100000-00-00	Premier Bank	140636	Destination Maternity Corporation	Store Depository	\$ 1,574				2/1/2020	
100000-00-00	First Merit Bank-Huntington	1508317689	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
100000-00-00	Pinnacle Bank	2400567446	Destination Maternity Corporation	Store Depository	\$ 3,116				2/1/2020	
100000-00-00	Commerce	551833227	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
100000-00-00	People's United Bank	16004073	Destination Maternity Corporation	Store Depository	\$ -				2/1/2020	
100000-00-00	Scotia	2302000936	Destination Maternity Corporation	Store Depository	\$ 7,767				2/1/2020	
100000-00-00	IBC	1604080531	Destination Maternity Corporation	Store Depository	\$ 5,427				2/1/2020	
100000-00-00	Valley National Bank	41332032	Destination Maternity Corporation	Store Depository	\$ 6,672				2/1/2020	
108018-08	TD Bank Canada	0701-5278001	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 32,367				2/1/2020	
108018-08	Pace Bank	1106805	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 43,591				2/1/2020	
108018-08	Bank of Montreal	0002-8947-861	Mother's Work Canada, Inc.	Store Depository Canadian \$	\$ 420,566				2/1/2020	
108000-16	Wells Fargo	4125496778	DM Urban Renewal, LLC	DM Urban Renewal Main Account	\$ -				2/1/2020	
<b>Total</b>					<b>\$ 14,395,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

<sup>1</sup> Amounts listed represent consolidated balances held at each respective institution.

<sup>2</sup> Does not include amounts in cash drawers.

## Destination Maternity Corporation

## DEBTORS AND DEBTORS IN POSSESSION

Form: MOR-1b

Total Disbursements to Retained Professionals (unaudited, in \$ in 000s)

For the Period of January 5, 2020 to February 1, 2020			
Retained Professionals		Approved Amounts <sup>1</sup>	Disbursements
Berkeley Research Group LLC	Debtors' Financial Advisor	-	1,223
Kirkland & Ellis LLP	Debtors' Counsel	-	1,017
Greenhill & Co	Debtors' Investment Bank	-	-
Prime Clerk	Debtors' Claims Agent	-	440
A&G Realty Partners, LLC	Debtors' Real Estate Advisor	-	-
KPMG LLP	Debtors Tax Advisors	-	-
Landis Rath & Cobb LLP	Debtors' Local Counsel	-	363
Province	UCC Financial Advisor	-	-
Cooley LLP	UCC Counsel	-	-
Cole Schotz P.C.	UCC Local Counsel	-	-
<b>Total</b>		<b>\$ -</b>	<b>\$ 3,043</b>

<sup>1</sup> Approved amounts represent the amounts approved by Court orders where applicable.

**Destination Maternity Corporation et. al**  
**DEBTORS AND DEBTORS IN POSSESSION**

**Form: MOR-2**

**Consolidated Statement of Income (unaudited, in \$ in 000s)**

	<u><b>Fiscal January</b></u>
Net sales	\$ 18,350
Cost of goods sold	\$ 1,487
<b>Gross profit</b>	<b>16,863</b>
Selling, general and administrative expenses	12,529
Store closing, asset impairment and asset disposal expenses	0
Other charges	5,235
<b>Operating income (loss)</b>	<u><b>(901)</b></u>
Interest expense, net	173
Loss on extinguishment of debt	1,961
<b>Income (loss) before income taxes</b>	<u><b>(3,035)</b></u>
Income tax provision	31
<b>Net income (loss)</b>	<u><b>\$ (3,066)</b></u>

**Destination Maternity Corporation et. al**  
**DEBTORS AND DEBTORS IN POSSESSION**  
**Form: MOR-3**  
**Consolidated Balance Sheet (unaudited, in \$ in 000s)**

**ASSETS**

	January
Current Assets	
Cash and Cash Equivalents	\$ 14,767
Trade Receivables	1,606
Inventories	-
Prepaid expenses and other Current assets	3,763
Total current assets	<u>20,136</u>
Property, Plant and Equipment, net	-
Other assets	
ROU Assets	-
Deferred financing costs, net	-
Other Intangibles	-
Deferred income taxes	2,175
Other non-current assets	11,280
Total other assets	<u>13,455</u>
<b>Total assets</b>	<b><u>\$ 33,591</u></b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current Liabilities	
Line of credit borrowings	\$ -
Current portion of long-term debt	727
Accounts payable - pre-petition	36,934
Accounts payable - post-petition	4,163
Accrued expenses and other current liabilities	21,430
Total current Liabilities	<u>63,254</u>
Long-term debt	-
Deferred rent and other non-current liabilities	168
Total liabilities	<u>63,423</u>
Stockholders' equity	
Common stock	142
Additional paid-in capital	108,209
Retained earnings (accumulated deficit)	(138,109)
Accumulated other comprehensive loss	(74)
Total stockholders' equity	<u>(29,832)</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 33,591</u></b>

Destination Maternity Corporation et. al  
 DEBTORS AND DEBTORS IN POSSESSION  
 Form: MOR-4  
 Status of Postpetition Taxes (unaudited, \$ in 000s)

For the period from January 5, 2020 to February 1, 2020

Federal, State, and Local Taxes	Amount		Amount Paid		Date(s) Paid	Tax Liability at January Month End
	Tax Liability as of Petition	Withheld or Accrued				
Withholding	\$ (151)	\$ (807)	\$ 562		Various	\$ (245)
Sales	\$ (2,511)	\$ (3,619)	\$ 1,048		Various	\$ (2,570)
Excise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FICA-Employee	\$ -	\$ (445)	\$ 314	\$ -	\$ -	\$ (131)
FICA-Employer	\$ -	\$ (443)	\$ 314	\$ -	\$ -	\$ (129)
Unemployment	\$ -	\$ (142)	\$ 101	\$ -	\$ -	\$ (41)
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Taxes	\$ (2,662)	\$ (5,455)	\$ 2,339	\$ -	\$ -	\$ (3,116)



Destination Maternity Corporation et. al  
 DEBTORS AND DEBTORS IN POSSESSION  
 Form: MOR-4  
 Consolidated Summary of Unpaid Post-Petition Debts (unaudited, \$ in 000s)

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Destination Maternity Corporation, 19-12256 As of February 1, 2020	
Post-Petition Accounts Payable Aging	Amount <sup>1</sup>
Current (based on agreed upon terms)	768
Past Due:	
0-30	1,391
30-60	1,427
60-90	537
91+	40
<b>Total Accounts Payable (1)</b>	<b>\$ 4,163</b>

Destination Maternity Corporation et. al  
DEBTORS AND DEBTORS IN POSSESSION  
Form: MOR-5  
Consolidated Accounts Receivable Aging (unaudited, \$ in 000s)

<b>Accounts Receivable Reconciliation</b>	<b>As of Fiscal January Month End</b>
Total Accounts Receivable at the beginning of the reporting period	\$ 4,766
+ Amounts billed during the period	\$ 689
- Amounts collected during the period	\$ (2,104)
Total Accounts Receivable at the end of the reporting period	\$ 3,352

<b>As of February 1, 2020</b>	
<b>Accounts Receivable Aging <sup>(1)</sup></b>	<b>Amount</b>
Future Due	\$ 2,519
0-30 <sup>1</sup>	\$ 405
30-60	\$ 406
60-90	\$ (24)
91+	\$ 45
Total Accounts Receivable	\$ 3,352
Amount Considered Uncollectible (Bad Debt)	-
Accounts Receivable, Net	<u><u>\$ 3,352</u></u>

<sup>1</sup>Negative amount represents customer over-payment.

Destination Maternity Corporation et. al  
**DEBTORS AND DEBTORS IN POSSESSION**  
**Form: MOR-5**  
**Questionnaire**

				Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. During this period, the Debtors sold the Designated Assets as defined in the Asset Purchase Agreement between Debtors and Marquee Brands, LLC. <i>During this period, the Debtors sold inventory at 235 of debtors closing stores at prices lower than in the ordinary course of business (1).</i>				X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.					X
3. Have all post-petition tax returns been filed timely? If no, provide an explanation below.				X	
4. Are workers compensation, general liability, and other necessary insurance coverages in effect? If no, provide an explanation below.				X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.					X
Account Name	Purpose	Business	Acct Number	Bank Name	Date

(1) Store Closing sales conducted in accordance with Order (I) Authorizing the Debtors to Assume the Consulting Agreement, (II) Approving Procedures for Store Closing Sales, (III) Approving the Implementation of Customary Store Bonus Program and Payments to Non-Insiders Thereunder and (IV) Granting Related Relief.